



Opening Statement of the Province of British Columbia to the Constitutional Conference

VICTORIA, JUNE 14 TO 16, 1971

PRESENTED BY
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Premier and Minister of Finance of British Columbia

PRESENT ON BEHALF OF THE PROVINCE OF BRITISH COLUMBIA

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1. INTRODUCTION

It is indeed a happy privilege for me to extend to you, Mr. Prime Minister, and to each of you, my fellow Premiers, a very warm welcome to Victoria to this significant Federal-Provincial Conference. It is particularly fitting that we are meeting in the capital city of British Columbia during the Province's Centennial in the Canadian Confederation.

On July 20, 1871, British Columbia, then 22 years old, united with the five other provinces of Canada, assuring a nation "from sea to sea." Thus, united together by a common bond yet with a diversity of cultures and ethnic origins, we joined with the people of Canada in the march to nationhood.

British Columbia brought into Confederation a vast bountiful land of 366,000 square miles, almost equivalent to the combined area of the other five provinces of Canada at the time, but sparsely settled by less than 40,000 people. That number has more than grown in pace with the rest of Canada, so that as our population at the present time reaches the 2¼ million mark, we are the fastest growing Province in the nation.

Although proud of our history, we recognize the shortness of its years. We are pausing to commemorate the people and their achievements over this relatively short period of time as an inspiration to move forward into the future.

While Canada's growth and development during most of this first 100 years was Atlantic-oriented, the Pacific region holds the promise of even more outstanding performance in our second century. Already Japan is the second-largest foreign market for British Columbia products, with more than a tenfold increase in the last decade, which now represents one-half of Canada's trade with that country. Our trade opportunities with the Pacific Rim countries remain virtually untapped. Our wealth of natural resources and broadening base of secondary manufacture in which we can compete on world markets

offers the promise of growth for this nation in the next 100 years far beyond anything experienced to date.

We want you to rejoice with us during these days—rejoice for the heritage of our past and the great prospects for our nation in the future.

2. THE CONSTITUTIONAL REVIEW

This is the seventh meeting of the leaders of the Federal and Provincial Governments in the current series of Constitutional Conferences which commenced in February 1968. British Columbia has taken an active part throughout these discussions.

At these conferences, British Columbia has emphasized that the Constitution is not the number one priority facing this country. If that was the case in February 1968 when the constitutional review began, how much more is it the case now in June 1971, considering the deterioration in the economy and the worsening employment situation that has taken place in that short period of time. For example, in just over three years the number of unemployed in Canada has increased from 464,000 to 659,000,* an increase of 42 per cent.

British Columbia has continually stressed the danger of high interest rates, tight money, the high level of the Canadian dollar and deficit government financing upon the continued prosperity of the Canadian economy and particularly their threat of increased unemployment.

Mr. Prime Minister, the provision of jobs is the most urgent need confronting the nation today. The preservation of our natural environment and pollution control are also matters of high priority, and particularly important is the provision of a healthy moral environment in which our young people can grow to maturity.

The employment situation and the general state of the economy cannot be divorced from considerations of the Constitution. For, in the final analysis, it is the policies of governments and the attitude of the people, not the cold language of the Constitution, that shapes the character of the nation and determines its destiny.

* Source: D.B.S. *The Labour Force*, April 1971.

We are met together today to concern ourselves with the future of our country. Our task is made all the more difficult by our federal system of government, the most difficult of all political structures.

A few years ago the term "co-operative federalism" was in vogue. Today the term "profitable federalism" is appropriate to describe the treatment received by some provinces. British Columbia asks not for special treatment, but does expect to receive fair treatment at the hands of the Federal Government. Two examples illustrate that British Columbia is not being fairly treated:

(1) *Equalization Payments*

Mr. Prime Minister, the Province has in the past and continues to be unalterably opposed to equalization payments to Provincial Governments. Started in 1957 principally as fiscal support to the economically weak and natural resource-poor Atlantic region, British Columbia is alarmed at the massive equalization payments made today to certain provinces, particularly to the resource-rich, central Province of Quebec. It is reported that, over the three latest years, equalization payments and contributions to certain special programmes paid by the Federal Government to the Province of Quebec have increased from \$440 million to \$773 million.

Equalization payments to Provincial Governments have not brought about any comparable improvement in raising the standard of living of those Canadians whose incomes fall below the national average.

What is needed is to raise the income of persons of low income, wherever they may live in Canada, by *direct payment to persons* by a guaranteed annual income through the use of the negative income tax in lieu of the vast complexity of present welfare programmes. This would act as a catalyst to the initiative of persons of low income to develop their skills and improve their lot by their own efforts. This fiscal transfusion at the individual's level would not only benefit the economies of the poorer regions to the greatest extent but the revenues of Provincial Governments within those regions would be directly and dramatically increased.

British Columbia calls for the abolition of equalization payments to Provincial Governments and advocates a revision to the Constitution, if necessary, to provide for a nationally administered guaranteed annual income in the place of present welfare programmes and equalization payments, with any balance required financed from corporate and personal income tax revenues.

Equalization payments in their present form are seriously undermining the Canadian Confederation.

(2) Regional Economic Development Programmes

The Federal Government's regional economic development programme is another illustration where British Columbia is not being treated fairly. The assumption which appears to underlie current Federal Government policy is that one region of Canada must be discouraged from growing faster than any other part of the country. Such assumptions make little economic sense.

Through its regional economic development programmes, the Federal Government is spending in excess of one billion dollars to encourage unsound development in some areas which for various reasons will never be self-supporting. British Columbia receives virtually none of these payments, yet its industries have to compete with Federal Government subsidized industries in other provinces. The Federal Government must recognize that growth in the economically dynamic regions of Canada is essential to generate the wealth necessary to assist the people of the slower economic growth areas. Moreover, the greatest tax benefit from such economic growth accrues to the Federal Government.

Present Federal policies such as those I have mentioned discriminate against British Columbia and make viable federalism difficult. I would point out that only a change in Federal Government policies is necessary to alter these inequities.

While British Columbia is prepared to direct its attention once again to appropriate constitutional changes, we continue to take the view that our Constitution of 104 years, as amended from time to time, has

served us remarkably well. It has proved to be a living, flexible document capable of adapting to changing needs and of coping with the growing-pains of nationhood. In a country as diverse as Canada, constitutional flexibility is essential. It is not possible, nor is it desirable, to legislate uniformity through constitutional provisions.

British Columbia has from the outset of the Constitutional review stressed the importance of reaching agreement on an appropriate amending formula coupled with patriation, and was encouraged by the formula that was committed to writing and agreed to at our meeting in February.

Some of the other Constitutional proposals put forward in February, British Columbia reluctantly agreed to, so as to accommodate other points of view in a spirit of good will and understanding. Still others put forward in February were not acceptable to British Columbia for the reasons given.

British Columbia has been encouraged by the progress made at bilateral discussions held since February, both in Victoria and Ottawa.

I sense, gentlemen, that after a slow beginning, the Constitutional Review at this point in time has reached its peak. The challenge presents itself to us today. Let us be realistic and recognize that every government's total constitutional demands on all subjects cannot be met at this meeting. British Columbia is opposed to "package deals," for agreements conceived in that way usually do not last. Let us proceed with those matters on which we all can agree and leave for future discussion those matters on which we cannot now obtain agreement.

If that were done, we could then devote our full attention to the very serious problems about which I spoke earlier. If that were done, then with the great potential of our land and all its peoples, we could unitedly go on to build a better and greater Canada.

STATEMENT BY THE HONOURABLE WILLIAM G. DAVIS
PRIME MINISTER OF ONTARIO
TO THE FIRST AFTERNOON SESSION OF THE CONSTITUTIONAL CONFERENCE
VICTORIA, BRITISH COLUMBIA
JUNE 14, 1971

AS THIS IS MY FIRST FORMAL STATEMENT AS PRIME MINISTER OF ONTARIO TO A WORKING SESSION OF THE CONSTITUTIONAL CONFERENCE, I WOULD LIKE TO THANK YOU, MR. CHAIRMAN, FOR OFFERING ME THIS OPPORTUNITY TO SET OUT THE VIEWS OF THE GOVERNMENT OF ONTARIO ON THE CONSTITUTIONAL REVIEW PROCESS.

WHILE WE ACCEPT IN PRINCIPLE THE DRAFT CONSTITUTIONAL DOCUMENT BASED ON THE FEBRUARY PROPOSALS AND THE TECHNIQUE FOR PATRIATING THE CONSTITUTION OF CANADA, WE ALSO RECOGNIZE THAT THERE ARE SOME DIFFICULT TECHNICAL AND SUBSTANTIVE PROBLEMS REMAINING WHICH HAVE BEEN REFERRED TO US BY OUR MINISTERS FOLLOWING THEIR MEETING IN OTTAWA ON MAY 31-JUNE 1. HOWEVER, I AM OPTIMISTIC THAT THESE PROBLEMS CAN AND WILL BE RESOLVED IN THE NEXT THREE DAYS AND THAT AGREEMENT WILL BE POSSIBLE ON ALL OR MOST OF THE ITEMS ON OUR AGENDA. WHEN THIS TAKES PLACE, AND AFTER THERE HAS BEEN A FULL OPPORTUNITY FOR PUBLIC EXAMINATION AND DEBATE, I HOPE THAT THE APPROVAL OF ALL LEGISLATURES ACROSS CANADA WILL BE READILY SECURED.

I THINK IT IS FAIR TO SAY THAT A NEW PREAMBLE AND THE TEN PARTS OF THE DRAFT DOCUMENT BEFORE US INVOLVE MAINLY SYMBOLIC MATTERS. WHILE THESE MATTERS ARE UNDOUBTEDLY IMPORTANT, SUBSTANTIVE ISSUES MUST ALSO BE CONSIDERED. THEREFORE, AGREEMENT NOW ON THIS SERIES OF PROPOSALS WOULD, IN OUR VIEW, REPRESENT ONLY THE CONCLUSION OF THE FIRST STAGE OF THE REVIEW. IN OUR OPINION, WE MUST CONTINUE IMMEDIATELY TO THE SECOND STAGE, AND THE MORE SUBSTANTIVE STAGE, A COMPLETE REVIEW OF THE DISTRIBUTION OF POWERS WITHIN A REASONABLE LENGTH OF TIME.

I ATTACH PRIORITY TO THIS QUESTION BECAUSE IT IS CLEAR THAT A GOVERNMENT'S VIEWS ON THE DISTRIBUTION OF POWERS REFLECT THE KIND OF FEDERAL SYSTEM THAT IT PREFERS. THEREFORE, I SHOULD LIKE TO SAY A FEW WORDS ABOUT ONTARIO'S VIEWS OF CANADIAN FEDERALISM.

OUR STANCE ON THIS MATTER HAS BEEN CONSISTENT THROUGHOUT THE DISCUSSIONS. PARTICULARLY IN THE YEARS SINCE WORLD WAR II, THE CANADIAN FEDERAL SYSTEM HAS GROWN OVERLY AND UNNECESSARILY CENTRALIZED. CENTRALIZATION MAY HAVE BEEN DESIRABLE DURING THE WAR AND IN THE EARLY POST-WAR YEARS. IT IS CERTAINLY NO LONGER SO TODAY. THE CALL FOR INCREASING CITIZEN PARTICIPATION AND FOR LOCAL DECISION-MAKING IN ALL PARTS OF CANADA REFLECTS DISCONTENT WITH GOVERNMENT BUREAUCRACIES WHICH HAVE GROWN NOT ONLY TOO BIG, BUT ALSO TOO DISTANT.

FROM THIS DEVELOPMENT, WE DRAW THE CONCLUSION THAT THIS COUNTRY MUST MOVE TO A MORE DECENTRALIZED FEDERATION WITH GREATER DECISION-MAKING POWER VESTED IN THOSE LEVELS OF GOVERNMENT WHICH ARE CLOSEST TO THE PEOPLE. IN CONJUNCTION WITH THIS SHIFT IN DECISION-MAKING AUTHORITY MUST COME A SHIFT IN REVENUE-RAISING ABILITIES. TO TRANSFER RESPONSIBILITIES WITHOUT TRANSFERRING THE REVENUES NECESSARY TO FULFIL THEM WOULD BE FUTILE. TO SUGGEST THAT THIS CAN BE ACCOMPLISHED BY SIMPLY INCREASING TAXES, IS TO IGNORE THE FACT THAT TAXES ARE ABOUT AS HIGH AS CANADIANS WILL AND SHOULD ACCEPT.

I WANT TO EMPHASIZE THAT WHEN I SPEAK OF DECENTRALIZATION I DO NOT IMPLY AN END TO THE ROLE OF THE FEDERAL GOVERNMENT AS THE BALANCE WHEEL OF OUR FEDERATION. NOR DO I SUGGEST AN END TO THE FEDERAL RESPONSIBILITY FOR EQUALIZATION. ON THE CONTRARY, I DO NOT DISPUTE THESE CRUCIAL FUNCTIONS. ONTARIO REGARDS THEM AS A LEGITIMATE AND VITAL EXERCISE OF THE CENTRAL AUTHORITY IN A FEDERATION AS LARGE AND AS DIVERSE AS CANADA. AS I SAID THIS MORNING, THERE IS GREAT VARIATION IN THE SIZE, POPULATION, RESOURCES, DEVELOPMENT, AND THE NEEDS OF THE DIFFERENT REGIONS OF THIS COUNTRY, AND THIS DIVERSITY IS ONE OF CANADA'S MOST VALUABLE CHARACTERISTICS. DIVERSITY, HOWEVER, MUST BE BALANCED AGAINST GENUINE WILLINGNESS TO COOPERATE AND ACT WITH ONE ANOTHER AND TO HOLD CERTAIN ASPIRATIONS IN COMMON. BECAUSE WE VALUE BOTH OUR UNITY AND OUR DIVERSITY, WE HAVE CHOSEN FEDERALISM AS A SYSTEM OF GOVERNMENT BEST SUITED TO THE ACHIEVEMENT OF A WORKABLE EQUILIBRIUM OF THESE TWO VALUES.

IN OUR OPINION, THIS BALANCE HAS BECOME DISTORTED AS THE ACTIVITIES OF THE CENTRAL AUTHORITY HAVE INCREASED DURING THE PAST THREE DECADES. THIS EXPLAINS WHY WE ARE URGING THAT THE NEXT STAGE OF THE REVIEW CONSIDER IMMEDIATELY WHETHER THE PRESENT DISTRIBUTION OF POWERS IS STILL APPROPRIATE TO CONTEMPORARY NEEDS AND VALUES. IT EXPLAINS OUR POSITION ON THE VITAL FISCAL RELATIONSHIPS IN OUR FEDERATION. IT EXPLAINS WHY WE HAVE ARGUED SO VIGOROUSLY FOR PROVINCIAL PARTICIPATION IN BASIC DECISIONS CONCERNING THE INSTITUTIONS OF OUR FEDERATION. IT EXPLAINS WHY WE HAVE PUT SO GREAT AN EMPHASIS ON THE NEED FOR INTERGOVERNMENTAL CONSULTATION AND CO-ORDINATION, AMONG ALL LEVELS OF GOVERNMENT IN CANADA. THIS CONSULTATION, WHILE IMPROVING RECENTLY, IS STILL A RELATIVELY UNDERDEVELOPED ASPECT OF CANADIAN FEDERALISM, AND ONE WHICH WE WOULD LIKE TO SEE MORE FULLY EXPLORED AND IMAGINATIVELY USED.

IN BRIEF, I THINK THAT CANADA MUST MOVE TO A MORE INTEGRATED, FLEXIBLE, AND DECENTRALIZED FEDERALISM. AND THAT IS WHAT WE BELIEVE THAT THIS CONFERENCE MUST SOON TURN ITS ATTENTION TO IN THE SECOND STAGE OF ITS REVIEW. WE SUGGEST THAT UNDER AGENDA ITEM IV, OTHER BUSINESS, THE CONFERENCE CONSIDER THE FUTURE OF THE CONSTITUTIONAL REVIEW IN GENERAL AND THE APPROACH THAT WE HAVE OUTLINED IN PARTICULAR. I HOPE THAT WE WILL THEN BE ABLE TO SET AN EARLY DATE FOR OUR NEXT MEETING AND TO DECIDE ON A FIRM TIMETABLE FOR A COMPREHENSIVE CONSIDERATION OF THE DISTRIBUTION OF POWERS.